

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7026**

**BILL NUMBER:** HB 1936

**NOTE PREPARED:** Jan 18, 2003

**BILL AMENDED:**

**SUBJECT:** Medical Expenses for Adopted Children.

**FIRST AUTHOR:** Rep. Reske

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires payment by the county Office of Family and Children or the Division of Family and Children of the costs of certain health-related adoption subsidies. The bill makes a determination by the Division of Family and Children with respect to subsidies subject to administrative review.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** If the county Office of Family and Children does not have adequate funding to pay for the medical subsidy, the Division of Family and Children shall pay. The cost to the state for this coverage is dependent upon the ability of the county Offices of Family and Children to pay. Total cost is not known. See *Explanation of Local Expenditures*.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill requires the county Office of Family and Children to pay a medical subsidy for an adoptive child with pre-existing medical condition. Total cost to county Offices of Family and Children statewide is estimated to be \$130,968 for the first year. The cost of medical services for this group may be higher or lower than this number based upon several factors: (1) number of children adopted who have pre-existing conditions, (2) number of adopted children that do not have insurance - either due to the adoptive parent being uninsured or the insurance not covering pre-existing conditions, and (3) cost to provide medical services, for the pre-existing condition, to the adoptive child (depends upon the amount of the subsidy granted).

The current program requires that the medical costs of special needs adoptions be paid through Medicaid with a mix of county and state matching funds. In addition, some children with pre-existing conditions receive medical subsidies under certain circumstances. However, current medical subsidies are paid exclusively by the county office of family and children and limited by the amount of funding available.

The total number of children adopted with pre-existing conditions is unknown. There have been 2,846 children adopted the last three years through FSSA.

**Number of Children Adopted SFY 2000-2002 and Estimated Health Insurance Status.**

<b>Year</b>	<b>Number Adopted</b>	<b>Private Insured*</b>	<b>Individual Insured*</b>	<b>Medicaid/Medicare Insured*</b>	<b>Uninsured*</b>
<b>2000</b>	1,258	876	50	197	135
<b>2001</b>	826	575	33	130	88
<b>2002#</b>	762	530	30	119	82
<b>Total</b>	<b>2,846</b>	<b>1,981</b>	<b>114</b>	<b>446</b>	<b>305</b>
<b>Average</b>	<b>949</b>	<b>660</b>	<b>38</b>	<b>149</b>	<b>102</b>

Notes: #Preliminary data; \*Estimates based upon percent coverage by insurer type 1999-2000 data.

This bill states that the county Office of Family and Children is required to pay a subsidy for the medical, surgical, hospital, and related expenses for an adoptive child due to a pre-existing physical, mental, emotional, or medical condition of the child if: state or local government paid for treatment prior to adoption, and payments from insurance or public money to treat the condition are not available to the child or parents. It is unknown the number of children who are adopted that do not have insurance or insurance coverage for a condition. Due to exclusions for pre-existing conditions, some children who are insured under a family coverage may not have full coverage for a condition. The amount of each subsidy is contingent upon what is required in the court order or adoption decree. Thus, the per subsidy cost is unknown.

For this analysis the estimated number of children requiring insurance under the provisions of this bill is 102. This number is based upon statistics of child insurance coverage status and the number of children adopted through FSSA in the past three years. This assumes that 11% of children do not have insurance (based upon state average of uninsured children). This estimate represents the number of children adopted each year that do not have insurance. However, this number may be different from the number of children covered by the provisions of this bill as this bill only requires subsidies for pre-existing conditions. In addition, due to the ongoing nature of this provision, more children would be added each year until a maximum point was reached.

The cost of services provided under the CHIP program is \$107 per member per month. Using this number as an estimate, the cost to pay for medical expenses of adopted children is approximately \$1,284 per child per year. Total estimated cost to county Office of Family and Children would then be \$130,968 for the first year. Total cost may be higher or lower than this estimate depending upon the amount of subsidy included in the court order or adoption decree. The cost to the county and state may increase each year as more children are adopted and granted medical subsidies. The provisions of this bill require that the medical

subsidy be paid until the child turns 18, is emancipated, dies, the adoption is terminated, or further order of the court.

*Background:* The total state and county general fund expenditures for SFY 2002 for medical expenses of special needs adoptions were \$6.4 M. These funds receive a federal Medicaid reimbursement of 68%, or \$4.3 M. The number of children receiving these services is not known at this time.

**Explanation of Local Revenues:**

**State Agencies Affected:** FSSA, Division of Family and Children.

**Local Agencies Affected:** County Offices of Family and Children.

**Information Sources:** Susan Kilty, Deputy Legislative Director, FSSA, 317-232-4551; Kaiser Family Fund, *State Health Facts Online*, <http://statehealthfacts.kff.org/cgi-bin/healthfacts.cgi?action=profile&area=Indiana> Mat Delillo, FSSA, 317-232-4971.

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